

10. Review of District Promotion

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Summary

- This report presents results from an independent review and options analysis on the future delivery of Ashburton District Tourism Promotion undertaken by APR Consultants Ltd (APR). Its purpose is to inform decisions by identifying a preferred delivery structure for the outcomes sought by Ashburton District Council (Council).
- Contracting directly to ChristchurchNZ is the recommended approach. Key aspects being;
 - Increased overall value for money compared to CCO (e.g. administrative efficiency).
 - Greater level of Council budget flexibility to scale up or down each year.
 - Ability to provide clear and focussed outcomes through annual contracts and reporting processes.
 - Balanced against this, a lower level of skilled local tourism governance, although this may be mitigated through use of the Mid Canterbury Tourism Advisory Group to support strategic decision-making.
 - If Council agree to contract with Christchurch NZ then that should be for a 3 year period in order to allow a period of time to maximise the benefits of the contract, especially building out of a COVID 19 affected period with international visitors.
 - As part of the contract Christchurch NZ the KPI's should be reviewed in the new contract to be more specific on deliverables and results.

Recommendation

1. **That** Council agrees to enter into contract negotiations with Christchurch NZ, for the delivery of Ashburton district promotion, for a 3 year period, and
2. **That** KPI's are reviewed in the new contract to be more specific on deliverables and results.

Attachments

Appendix 1 Ashburton District Tourism Promotion Options Review

Background

The current situation

1. Tourism promotion is funded from a combination of general and targeted rates (capital value) as part of Council's Economic & Business Development. Its purpose is to encourage economic growth for the District.
2. Council Controlled Organisation (CCO) Experience Mid Canterbury (EMC) was established as a Trust in July 2013 with Council as the settlor.
3. Up until the beginning of 2020, Council Controlled Organisation (CCO) Experience Mid Canterbury (EMC) employed staff, operated Methven I-Site and undertook domestic and international tourism promotional activities with an annual budget of approximately \$375,000.
4. From early 2020, the COVID-19 global pandemic interrupted international tourism with New Zealand's borders closed. ChristchurchNZ Ltd proposed a joint destination marketing arrangement to the April 2020 Canterbury Mayoral Forum to support a collaborative regional approach.
5. With a desire to reduce the 2020/21 Annual Plan rates and due to Covid-19 creating a complete dropping off in international tourism for an undetermined period of time, Ashburton District tourism promotion funding was cut to \$195,000 and focusing on domestic travel only. The CCO used this funding to contract Ashburton's destination marketing services for 2020-21 to ChristchurchNZ Ltd (CNZ), Christchurch City's economic development and city profile agency.
6. Deliverables listed in the CNZ contract are:
 - ChristchurchNZ will employ a "Marketing Manager – Mid Canterbury Tourism" under a fixed term contract until 30th June 2021, to fulfil the duties of the agreement, and manage the day-to-day district tourism duties. The Marketing Manager – Mid Canterbury Tourism will be recruited from within the Experience Mid Canterbury staff made redundant in June 2020.
 - The roles and responsibilities are outlined in Schedule 1. A schedule of activity will be developed in conjunction with EMC upon signing of the agreement.
 - CNZ will work to achieve an agreed set of KPIs (Schedule 2), which will form part of CNZ's quarterly reporting to EMC.
 - As part of its service delivery, CNZ will develop a set of strategic destination priorities with EMC which will support decision making around activity.
7. EMC, as a CCO, was formally disestablished in early 2021.

8. The review consisted of analysis of exiting contract arrangements and performance against key performance indicators, feedback from key stakeholders and pro and con considerations for the 4 identified options of
- Not fund tourism promotion;
 - Continue contracting District tourism promotion to ChristchurchNZ;
 - Bring tourism promotion back in-house and employ staff to do the role; or
 - Continue with a CCO to undertake tourism promotion.

Options analysis

9. Summary matrix (pros and cons)

Options	Advantages	Disadvantages
1. Stop funding tourism promotion	Free up operating revenue for an alternative use.	Lack of tourism promotion may slow District economic growth. Community expectation that Council will support tourism promotion in some manner. Loss of tourism connections, capability and capacity.
2. Contract directly to ChristchurchNZ	Stakeholder feedback identified a preference to continue contracting district tourism promotion to ChristchurchNZ. Contracting to ChristchurchNZ offers synergies within an integrated regional approach, offering greater reach and leverage of ratepayer funds. Ability for Council to take a relatively flexible approach to annual budgeting for tourism promotion (scale up or down). Local Marketing Manager providing a presence and point of contact. Opportunity for Council to potentially make use of the Mid Canterbury	Potentially less local coordination of tourism promotion. Potentially less ability to access additional revenue streams. Contract oversight by Council staff who have limited relevant tourism promotion experience.

	<p>Tourism Advisory Group to support strategic decision-making.</p> <p>Contract administration costs brought in-house for potentially tighter management by Council.</p>	
3. Bring tourism promotion back in-house and employ staff to do the role	<p>Directly accountability to the community.</p> <p>Directly able to manage delivery risks.</p>	<p>Subject to Council bureaucracy, timelines and politics.</p> <p>Not traditionally a core activity of Council (lack of focus).</p> <p>Limited ability to leverage additional funds or resources from non-ratepayer sources.</p> <p>Negative stakeholder feedback to this option.</p> <p>Potentially less efficient due to higher relative administration costs.</p>
4. Continue with a CCO model to undertake tourism promotion	<p>Independent.</p> <p>Streamlined decision-making.</p> <p>Commercially focused.</p> <p>Ability to raise funds from other sources and leverage off local activities.</p>	<p>Not directly accountability to the community.</p> <p>Administrative costs of oversight and performance reporting.</p> <p>Reduced ability for Council to directly manage risk.</p> <p>Less easily able to scale up or down than an external contract approach.</p>

10. Multi-criterion analysis

Options	A. Value for money	B. Council Budget flexibility	C. Local governance	Total score (max 15)
1. Stop funding tourism promotion	1	4	1	6
2. Contract directly to ChristchurchNZ	5	5	3	13
3. Bring tourism promotion back in-house and employ staff to do the role	2	3	4	9

4. Continue with a CCO model to undertake tourism promotion	3	4	4	11
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11. **Recommended District Promotion delivery structure**

To transparently assess the options, selection criteria were developed based on (A) value for money, (B) Council Budget flexibility, and (C) local governance. Option two - Contracting directly to ChristchurchNZ is the recommended approach. Key aspects were:

- Increased overall value for money compared to a CCO model (e.g. administrative efficiency).
- Greater level of Council budget flexibility to scale up or down each year.
- Ability to provide clear and focussed outcomes through annual contracts and reporting processes.
- Balanced against this, a lower level of skilled local tourism governance, although this may be mitigated through use of the Mid Canterbury Tourism Advisory Group to support strategic decision-making. Looking ahead APR recommends keeping this group to provide ongoing connection and support.
- If Council agree to contract with Christchurch NZ then that should be for a 3 year period in order to allow a period of time to maximise the benefits of the contract, especially building out of a COVID 19 affected period with international visitors.
- As part of the contract Christchurch NZ the KPI's should be reviewed in the new contract to be more specific on deliverables and results.

Financial implications

Requirement	Explanation
What is the cost?	\$195,000 per year
Is there budget available in LTP / AP?	\$195,000 has been included in the 2021-31 Long Term Plan for Council's consideration.
Where is the funding coming from?	<p>Operating expenditure – targeted CV rate 50%, general rate 50%</p> <ul style="list-style-type: none"> Pro rata allocation based on the capital value of businesses in the Ashburton, Methven and Rakaia urban areas. <p>Capital expenditure</p> <ul style="list-style-type: none"> Sourced from operating expenditure, reserves or loan funding.
Are there any future budget implications?	No, the contract and the deliverables with Christchurch NZ, will need to match the budget.
Reviewed by Finance	Not Required

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Medium significance
Level of engagement selected	2. Comment – key stakeholders have been engaged
Rationale for selecting level of engagement	While this report recommends the continued delivery of tourism services via Christchurch NZ, it considers alternatives that would equate to a change in the level of service for the community. History shows that the community has a high level of interest on some tourism-related decisions (such as the closure of the Ashburton i-site), therefore the report has been assessed to be of moderate significance. The timing of this report while the Long-Term Plan consultation underway is concerning and may see Council receiving feedback about this matter through submissions. There is a reputational risk for Council of making this decision ahead of the LTP submission process.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

Next steps

Date	Action / milestone	Comments
7 April 2021	Council consideration of the report and recommendation	
May- June 2021	If recommendation is adopted, then contract negotiations with Christchurch NZ to be completed by end of June 2021	
1 July 2021	New contract starts	

ASHBURTON DISTRICT TOURISM PROMOTION OPTIONS REVIEW

PREPARED FOR

ASHBURTON DISTRICT COUNCIL

BY

APR CONSULTANTS LTD



24 MARCH 2021

SUMMARY

Introduction

This report provides an independent review of tourism promotion delivery in the Ashburton District, commissioned by Ashburton District Council in February 2021 and undertaken by APR Consultants Ltd. It comprised a desktop information review, a stakeholder survey and options analysis.

Background

Since July 2020, District tourism promotion funding has been substantially reduced and the Council Controlled Organisation (CCO) Experience Mid Canterbury (EMC) has contracted its service delivery to Christchurch City's economic development and city profile agency, ChristchurchNZ until 30 June 2021.

Tourism outlook

According to estimates from Infometrics, tourism GDP in Ashburton District in 2020 was estimated at \$95 million and represented a record high 3.8% of total GDP. Approximately two-thirds of tourism expenditure in the District in 2020 was from domestic visitors, mostly from the Canterbury Region (63%). International tourism is still on hold.

Tourism promotion performance review

The review involved compilation and analysis of performance evidence as summarises below.

Summary of performance information and evidence (2020-21 to date)

Performance indicators	Information and evidence
1. Employment of Marketing Manager – Mid Canterbury Tourism, with vehicle	<ul style="list-style-type: none"> • Done
2. Quarterly progress and financial reporting to EMC	<ul style="list-style-type: none"> • Same as EMC report to Council
3. Domestic visitor campaigns	<ul style="list-style-type: none"> • Experience Mid Canterbury campaign • Explore CHC (Canterbury campaign inclusion)
4. Industry partnership and engagements	<ul style="list-style-type: none"> • Mid Canterbury Tourism Advisory Group – second meeting held 24 Nov 2020 (target of 4 annually) • 11 tourism operators engaged in the NZTE Regional Business Partnership scheme • Additional funding secured to create a series of capability training and support events for business partners, commencing February 2021
5. District media exposure	<ul style="list-style-type: none"> • Planning a series of welcome videos from operators, to be promoted via YouTube to New Zealand and international markets
6. District Trade Exposure: Domestic & International	<ul style="list-style-type: none"> • Engaging with key Australian wholesalers over the lockdown period (challenging)

Source: APR analysis of available information

Stakeholder survey

An email survey of key informants was undertaken to supplement the review of evidence of activities against KPIs. Stakeholders were informed of four options to consider regarding tourism promotion for Ashburton. Of the ten stakeholders who provided their opinions, the highest frequency identified was to continue contracting district tourism promotion to ChristchurchNZ.

Options analysis

Pros and cons of the identified options are:

Options	Advantages	Disadvantages
1. Stop funding tourism promotion	Free up operating revenue for an alternative use	Slower economic growth Community expectations Loss of tourism connections, capability and capacity
2. Wind down CCO and contract directly to ChristchurchNZ	Stakeholders preferred approach Synergies within a regional approach Flexible approach to annual budgeting Local Marketing Manager Potentially make use of Tourism Advisory Group to support decision-making Contract administration costs – tighter management by Council	Less local coordination of tourism promotion than under a CCO Potentially less ability to access additional revenue streams than under a CCO Contract oversight by Council staff who have limited relevant tourism promotion experience
3. Bring tourism promotion back in-house and employ staff to do the role	Directly accountability to the community Directly able to manage delivery risks	Subject to Council bureaucracy, timelines and politics Not traditionally a core activity Limited ability to leverage additional funds or resources Negative stakeholder feedback Potentially less efficient due to higher relative administration costs
4. Continue with a CCO to undertake tourism promotion	Independent Streamlined decision-making Commercially focused Ability to raise funds from other sources and leverage off local activities	Not directly accountability to the community Potentially higher administrative costs of oversight and performance reporting Reduced ability for Council to directly manage risk Less easily able to scale up or down than an external contract approach

Preferred delivery structure

To transparently assess the options, selection criteria were developed based on (A) value for money, (B) Council Budget flexibility, and (C) local governance. Winding down the CCO and contracting directly to ChristchurchNZ is the recommended approach. Key aspects were:

- Increased overall value for money compared to CCO (e.g. administrative efficiency).
- Greater level of Council budget flexibility to scale up or down each year.
- Ability to provide clear and focussed outcomes through annual contracts and reporting processes.
- Balanced against this, a lower level of skilled local tourism governance, although this may be mitigated through use of the Mid Canterbury Tourism Advisory Group to support strategic decision-making. Looking ahead APR recommends keeping this group to provide ongoing connection and support.

- If Council agree to contract with Christchurch NZ then that should be for a 3 year period in order to allow a period of time to maximise the benefits of the contract, especially building out of a COVID 19 affected period with international visitors.
- As part of the contract Christchurch NZ the KPI's should be reviewed in the new contract to be more specific on deliverables and results.

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1.0 INTRODUCTION

1.1 Purpose

This report presents results from an independent review and options analysis on the future delivery of Ashburton District Tourism Promotion undertaken by APR Consultants Ltd (APR). Its purpose is to inform decisions by identifying a preferred delivery structure for the outcomes sought by Ashburton District Council (Council).

1.2 Approach

At the project commencement stage, Council staff provided APR with:

- Contact details to interview key stakeholders including key tourism interests and people involved in organisational delivery;
- Details of any funding agreements between Council and the tourism promotion organisation;
- Council LTP details around outcomes sought;
- Any other outcomes that Council is seeking around funding;
- Any other material decisions that Council has made as to how or why Council should or should not invest in tourism promotion; and
- Other information or preferences around the background to the four options that Council is considering.

APR worked with Council staff to arrange a phone meeting to discuss key stakeholders and tourism groups, the work plan and overall approach to the options review. The aim was to ensure a ‘no surprises’ approach.

APR compiled performance review information relative to identified key indicators and performance measures for each option. Secondary information sources are listed in Appendix 1.

This information was combined with key information interviews to develop a review of advantages and disadvantages for each option relative to Council’s required outcomes. The results for each option were presented in a matrix table to support decision making, and a preferred option was identified based on specified criteria.

2.0 BACKGROUND

2.1 Tourism promotion funding

Tourism promotion is funded from a combination of general and targeted rates (capital value) as part of Council’s Economic & Business Development. Its purpose is to encourage economic growth for the District.

2.2 Experience Mid Canterbury CCO

Council Controlled Organisation (CCO) Experience Mid Canterbury (EMC) was established as a Trust in July 2013 with Council as the settlor. As per the Deed, trustees were selected and recommended to Council by an Appointments Committee comprising the Mayor, Chief Executive, Chair of the Finance and Community Services Committee, and Chair of the Trust.

The original trustees comprised Jim Burgess (Councillor), Giles Beal (Chief Executive, Ashburton Licensing Trust), Dilan De Silva (Hospitality Consultant, Methven), Matthew Findlay (General Manager, Aeronautical Business Development, Christchurch International Airport), Kevin Holmes (Ashburton Branch Manager, Rothbury Insurance Brokers), Dr Dominic Moran (Managing Director, Moran Tourism Group Ltd) and James Urquhart (General Manager Operations, Mt Hutt, NZ Ski Ltd).

Up until the beginning of 2020, Council Controlled Organisation (CCO) Experience Mid Canterbury (EMC) employed staff, operated Methven I-Site and undertook domestic and international tourism promotional activities with an annual budget of approximately \$375,000.¹ Approximate costs in 2019-20 were:²

- \$60,000 operation of Methven I-Site.
- \$155,128 employment related costs.
- \$116,860 other operational expenses and overheads.
- \$43,000 governance, audit and accounting costs.

Service delivery is currently contracted out to ChristchurchNZ Ltd, which employs one local staff member. EMC's promotional website for the District remains functional including up-to-date event information.³

As of December 2020, EMC's trustees were as follows:

Table 1: Current EMC Trustees

Name	Position	Start
James Urquhart	Chair	14 July 2014
Gary Lee	Trustee	26 August 2016
Gareth Reed	Trustee	1 July 2018
Graham Russell	Trustee	1 October 2019
Chris Gourley	Trustee	1 October 2019

Source: EMC December 2020 Quarterly Review Report

2.3 ChristchurchNZ Ltd contract 2020-21

From early 2020, the COVID-19 global pandemic interrupted international tourism with New Zealand's borders closed. ChristchurchNZ Ltd proposed a joint destination marketing arrangement to the April 2020 Canterbury Mayoral Forum to support a collaborative regional approach.

With a desire to reduce the 2020/21 Annual Plan rates and due to Covid-19 creating a complete dropping off in international tourism for an undetermined period of time, Ashburton District tourism promotion funding was cut to \$195,000 and focusing on domestic travel only. The CCO used this funding to contract Ashburton's destination marketing services for 2020-21 to ChristchurchNZ Ltd (CNZ), Christchurch City's

¹ The Ashburton i-Site was permanently closed in 2017 following a review, while the Methven i-SITE Visitor Information Centre continues to operate.

² Source: EMC February 2020 Quarterly Review Report.

³ See <https://midcanterburynz.com/>

economic development and city profile agency.⁴ Payment arrangements were 50% on signing (2020), 25% paid on 30 January 2021, and 25% final payment on 1 May 2021.

The contract document notes that:

‘This would see Canterbury work in greater cohesion with shared regional tourism services such as international travel roadshow attendance, Australia and domestic marketing, digital marketing, media and PR, industry engagement and product development. Districts of Canterbury would retain their local identity but benefit from a collective buy in to the activities creating greater efficiency and less overlap.

Due to the impact of Covid-19 on the funding of district tourism services within the Ashburton District, along with the benefits of a shared model such as that proposed by ChristchurchNZ, the EMC Board proposed to Council that their funding for the 2020-21 year be based on a new model for destination marketing performed by CNZ under contract; this was duly agreed by Council.’

EMC staff were made redundant on 1 July 2020, coinciding with start of the CNZ contract. A key deliverable was for CNZ to employ a Marketing Manager – Mid Canterbury Tourism under a fixed-term contract until 30 June 2021, to fulfil the duties of the agreement, and manage the day-to-day district tourism duties. The Market Manager was to be recruited from within the EMC staff made redundant.

The local manager was recruited by CNZ on 27 July 2020.

3.0 TOURISM OUTLOOK

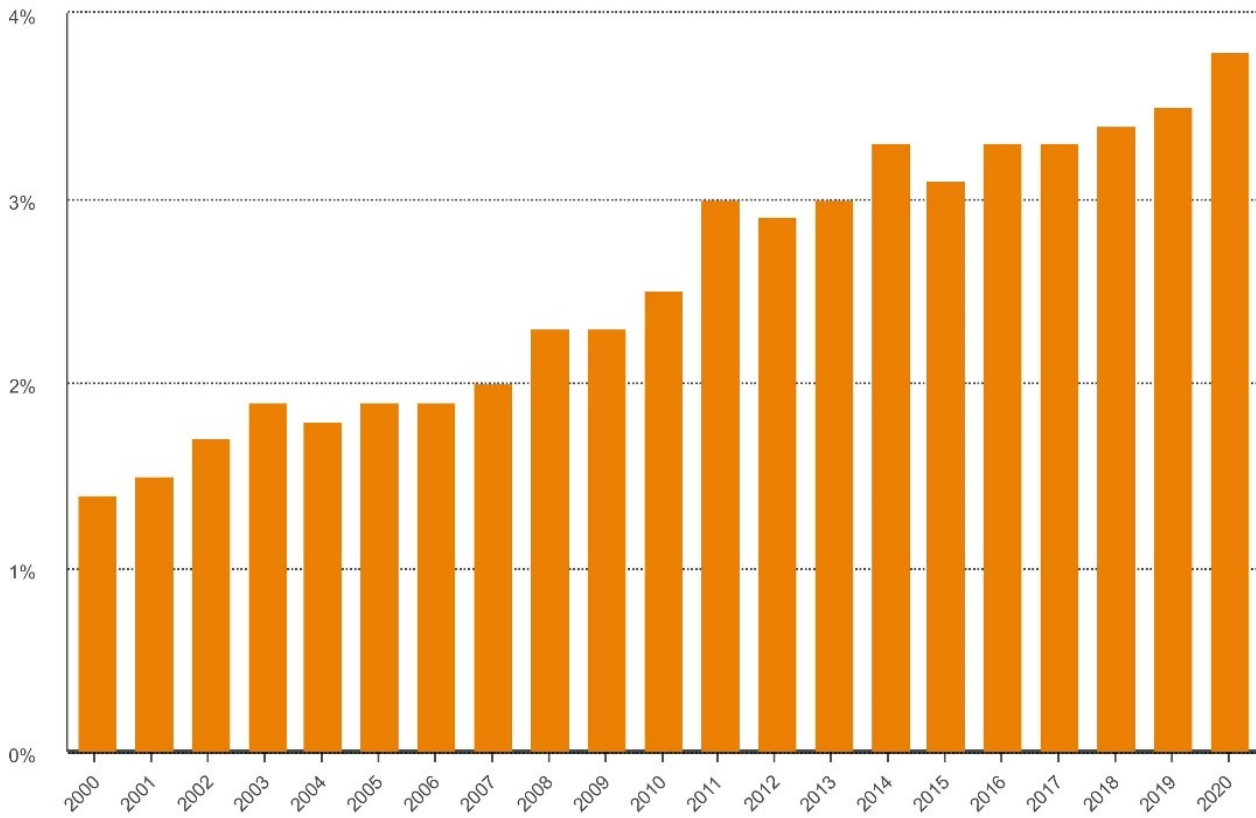
3.1 Historical growth

Data from Infometrics shows:

- Tourism GDP in Ashburton District in 2020 was estimated at \$95 million, an increase of 7.4% compared to 2019 (national growth rate was 6.5% over the same period). This represented a record high of 3.8% of Ashburton District’s total GDP (compared to 5.1% for New Zealand as a whole).

Figure 1: Tourism GDP as a percent of total GDP, Ashburton District 2002-20

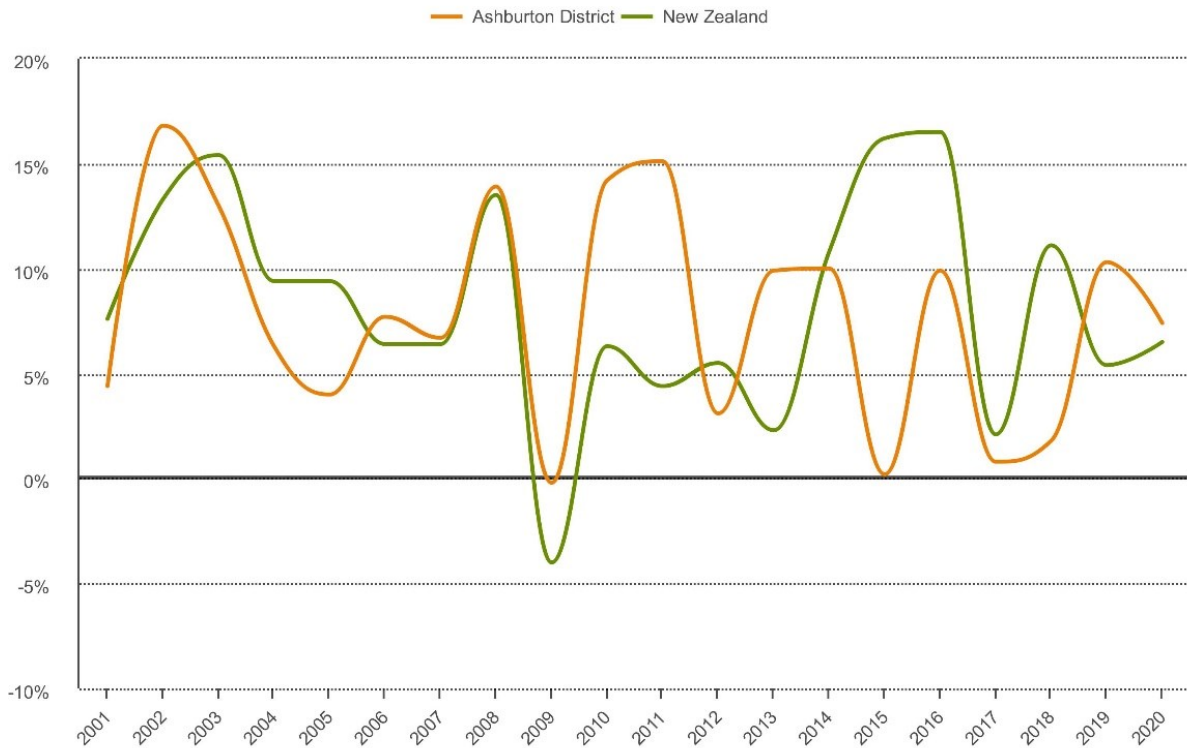
⁴ See www.christchurchnz.com



Source: Infometrics, February 2021

Note: These figures are to the year ending March 2020, so do not include the full impacts of Covid-19.

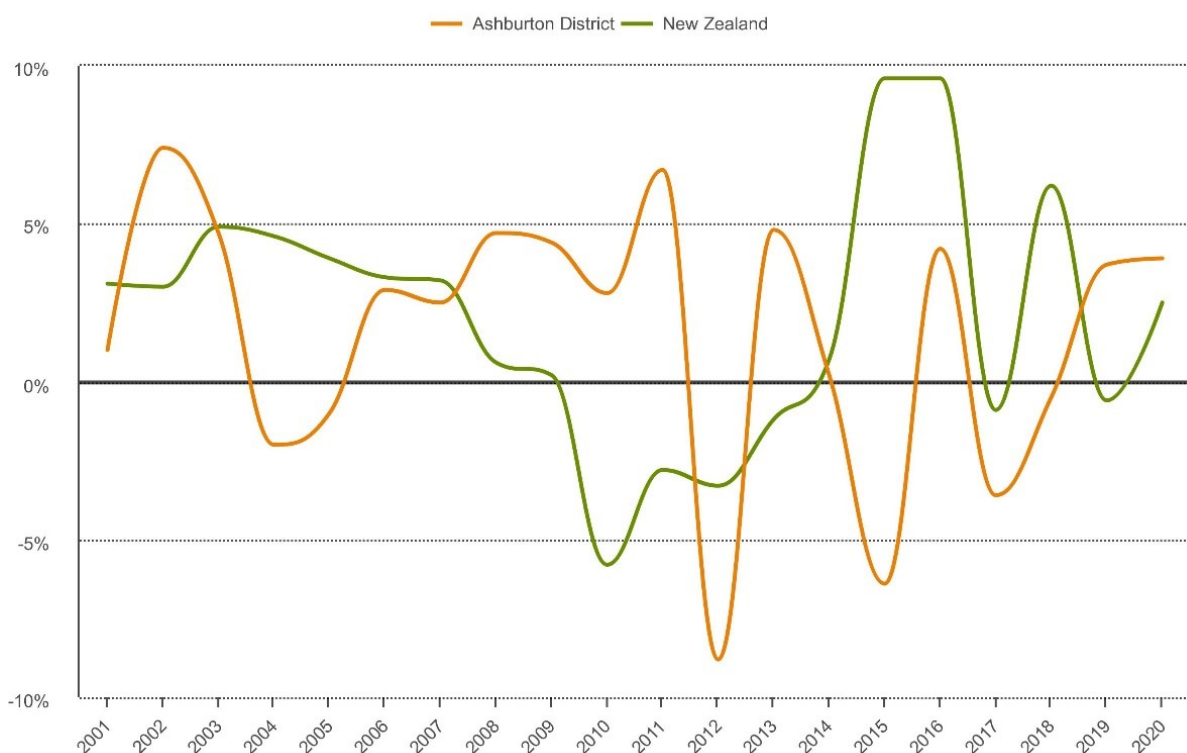
Figure 2: Tourism GDP annual growth, Ashburton District and New Zealand, 2001-20



Source: Infometrics, February 2021

- Tourism employment in the District in 2020 was estimated at 1,275 people, an increase of 3.9% (national growth rate 2.5%). This represents 6.7% of total employment in the District (compared to 8.7% for New Zealand as a whole).

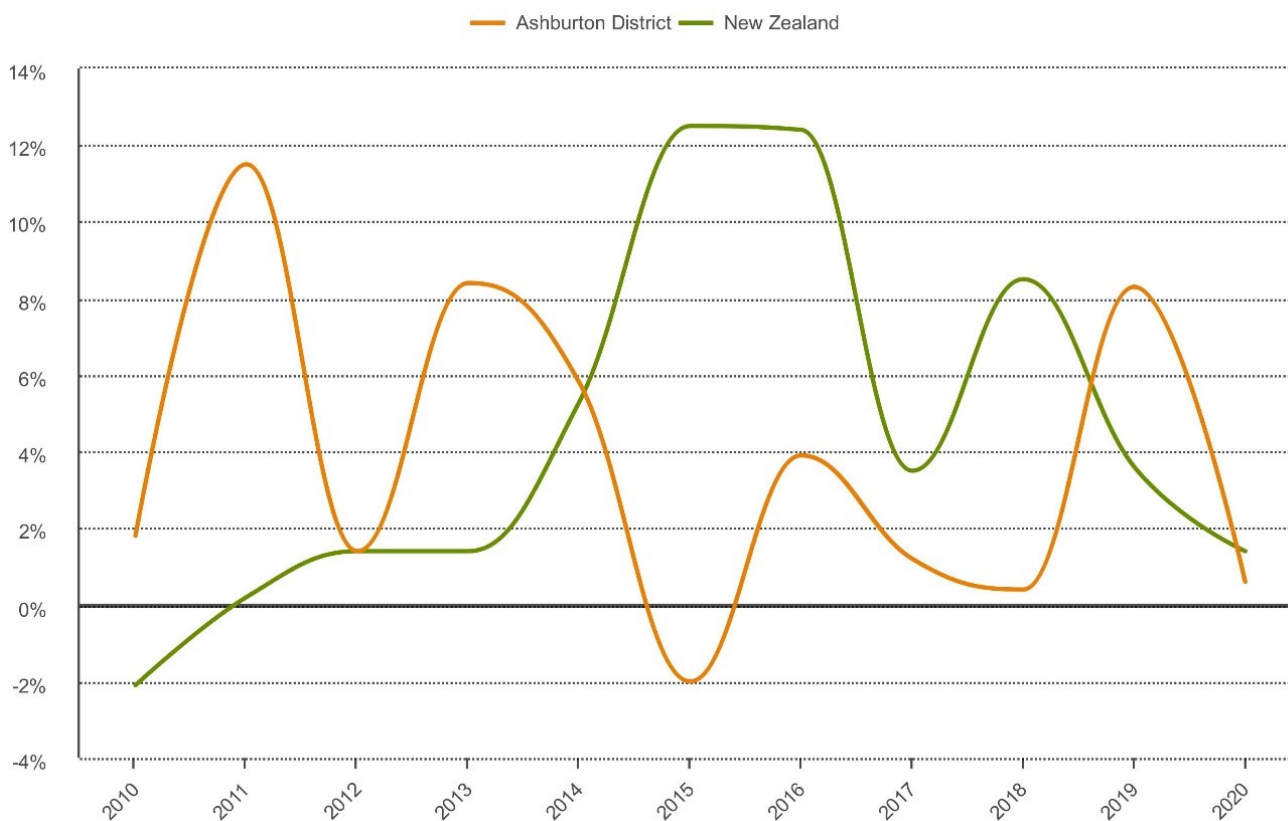
Figure 3: Tourism employment annual growth, Ashburton District and New Zealand, 2001-20



Source: Infometrics, February 2021

- Tourism spending in the District in 2020 was estimated at \$188 million, an increase of 0.6% (national growth rate 1.4%).

Figure 4: Tourism expenditure annual growth, Ashburton District and New Zealand, 2001-20



Source: Infometrics, February 2021

- Most tourism expenditure in the District in 2020 was on retail sales, food and beverages.

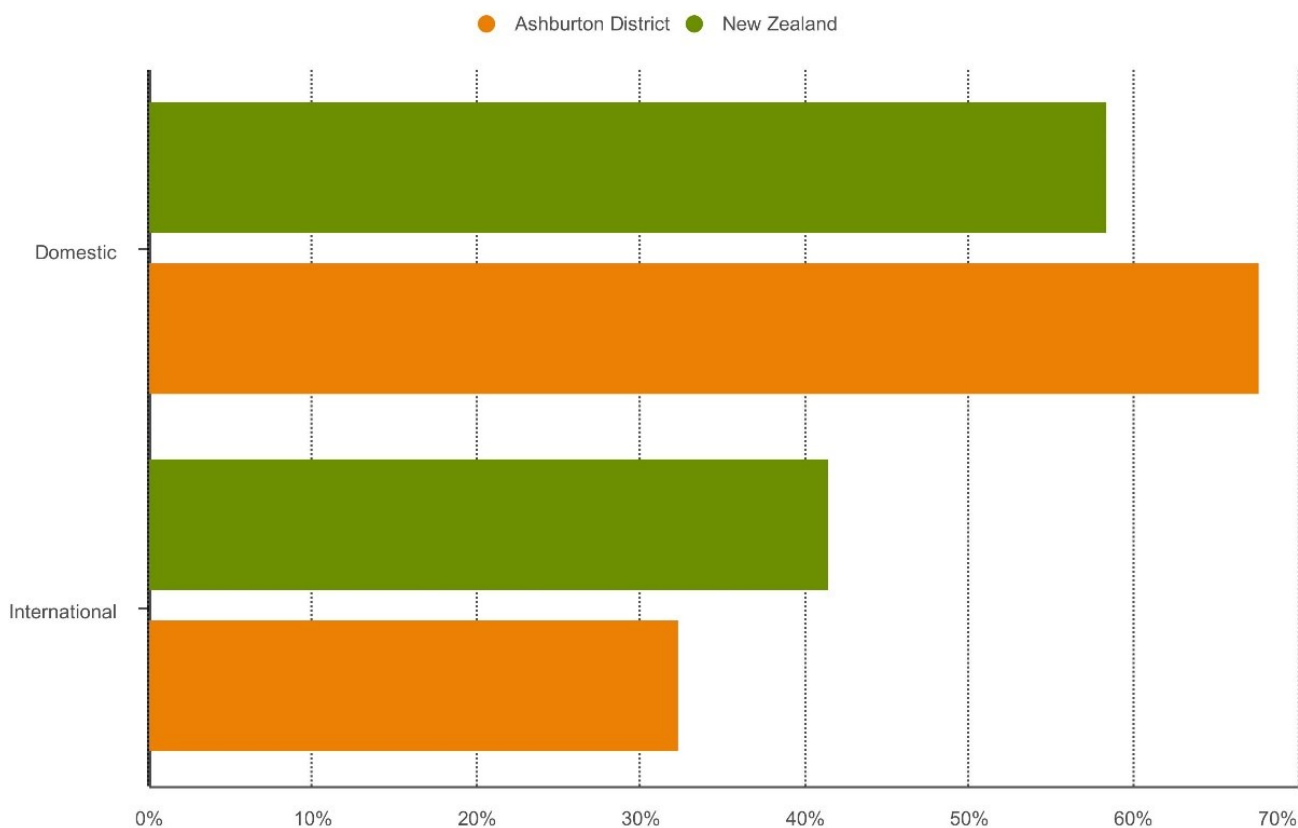
Table 2: Total tourist expenditure, Ashburton District and New Zealand, 2020

Category	Ashburton District		New Zealand	
	Expenditure	% of total	Expenditure	% of total
Accommodation services	\$11.8m	6.3%	\$3,257m	10.9%
Cultural, recreation, and gambling services	\$15.1m	8.1%	\$1,113m	3.7%
Food and beverage serving services	\$23.4m	12.4%	\$4,833m	16.2%
Other passenger transport	\$7.9m	4.2%	\$4,318m	14.4%
Other tourism products	\$13.1m	7.0%	\$3,589m	12.0%
Retail sales - alcohol, food, and beverages	\$21.0m	11.2%	\$2,613m	8.7%
Retail sales - fuel and other automotive products	\$35.3m	18.8%	\$2,227m	7.5%
Retail sales – other	\$60.2m	32.0%	\$7,934m	26.5%

Total	\$188.0m	100.0%		\$29,885m	100.0%
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Source: Infometrics, February 2021

- Approximately two-thirds of tourism expenditure in the District in 2020 was from domestic visitors (compared to less than 60% for New Zealand as a whole).

Figure 5: Contribution to tourism expenditure by visitor type, Ashburton District and New Zealand, 2020


Source: Infometrics, February 2021

- Ashburton's largest sources of international tourist expenditure in 2020 were Asia (including China, Japan, Korea, Singapore, Malaysia, Indonesia, Philippines, India) followed by Australia.

Table 3: International tourist expenditure by source, Ashburton District and New Zealand, 2020

Country of origin	Ashburton District		New Zealand	
	Expenditure	% of total	Expenditure	% of total
Africa and Middle East	\$0.95m	1.6%	\$313m	2.5%
Australia	\$12.6m	20.8%	\$2,965m	23.9%
Canada	\$1.18m	2.0%	\$356m	2.9%
China	\$3.46m	5.7%	\$1,497m	12.1%
Germany	\$1.90m	3.1%	\$543m	4.4%
Japan	\$1.79m	2.9%	\$303m	2.4%
Korea, Republic of	\$1.72m	2.8%	\$286m	2.3%
Rest of Americas	\$0.64m	1.1%	\$219m	1.8%
Rest of Asia	\$23.9m	39.4%	\$1,614m	13.0%

Rest of Europe	\$3.36m	5.5%		\$1,098m	8.9%
Rest of Oceania	\$1.22m	2.0%		\$647m	5.2%
UK	\$3.60m	5.9%		\$1,021m	8.2%
USA	\$4.34m	7.2%		\$1,525m	12.3%
Total	\$60.7m	100.0%		\$12,388m	100.0%

Source: Infometrics, February 2021

- Ashburton's largest source of domestic tourist expenditure by far in 2020 was the Canterbury Region (63%), followed by Otago (7.2%) and Auckland (5.7%).

Table 4: Domestic tourist expenditure by source, Ashburton District and New Zealand, 2020

Category	Ashburton District		New Zealand	
	Expenditure	% of total	Expenditure	% of total
NZ:Auckland	\$7.29m	5.7%	\$3,446m	19.7%
NZ:Bay of Plenty	\$1.83m	1.4%	\$1,296m	7.4%
NZ:Canterbury	\$80.2m	63.1%	\$2,334m	13.3%
NZ:Gisborne	\$0.23m	0.2%	\$217m	1.2%
NZ:Hawke's Bay	\$1.02m	0.8%	\$640m	3.7%
NZ:Manawatu-Whanganui	\$1.92m	1.5%	\$1,086m	6.2%
NZ:Marlborough	\$1.91m	1.5%	\$235m	1.3%
NZ:Nelson	\$1.50m	1.2%	\$196m	1.1%
NZ:Northland	\$1.13m	0.9%	\$1,019m	5.8%
NZ:Otago	\$9.12m	7.2%	\$1,075m	6.1%
NZ:Southland	\$4.05m	3.2%	\$516m	2.9%
NZ:Taranaki	\$1.01m	0.8%	\$497m	2.8%
NZ:Tasman	\$2.06m	1.6%	\$249m	1.4%
NZ:Undefined	\$4.05m	3.2%	\$642m	3.7%
NZ:Waikato	\$3.17m	2.5%	\$2,057m	11.8%
NZ:Wellington	\$3.28m	2.6%	\$1,765m	10.1%
NZ:West Coast	\$3.39m	2.7%	\$229m	1.3%
Total	\$127m	100.0%	\$17,498m	100.0%

Source: Infometrics, February 2021

3.2 Uncertain future

Underpinning Council's decision-making on tourism promotion funding and other matters is continuing uncertainty from COVID-19. The New Zealand economy has been exhibiting promising signs in recent months including key economic indicators such as retail spending and house prices, and there is hope the vaccine rollout will help further boost the nation's economy recovery. While the domestic tourism outlook is promising for 2021, international tourism is still on hold.

One of the outcomes of contracting to ChristchurchNZ was to get more robust data around both international and domestic tourism. Noting this if Council continues with this contract a key area of focus is to get more robust domestic and international data (the latter if NZ's borders are open).

4.0 TOURISM PROMOTION PERFORMANCE REVIEW

4.1 Prior review and current activity levels

According to the prior LTP 2018-28, EMC was responsible for the delivery of tourism promotion services including the i-SITE located in Methven.⁵

'EMC is funded to help promote our tourism opportunities on the national and international stages, much of which is based around Mt Hutt Ski Field. The McGredy Winder Section 17A review recommended reviewing EMC's internal operations around providing two i-SITES and look to reallocating the operational funding of these towards more marketing and tourist events. With EMC now only operating the i-SITE in Methven, their focus for years one and two will be on developing the Tourism/Visitor Strategy, boosting revenue streams from the tourism operators who benefit directly from the service, and reducing the rating requirement for its operations. We have included an annual reduction of \$10,000 for EMC funding in each year of this LTP to reflect this.'

For the 2020-21 financial year, District Tourism Promotion is focused on the domestic market and contracted to ChristchurchNZ Ltd for \$195,000 plus GST.

4.2 Outcomes and performance indicators

4.2.1 EMC Trust objectives

The July 2013 EMC Deed stated that the Trust's objects were:

- (a) To promote the Ashburton District as a visitor destination in New Zealand and overseas by all lawful means including but not limited to:
 - Marketing the district throughout New Zealand and overseas.
 - Promoting events and activities being held in the Ashburton District.
 - Working effectively with regional organisations including Christchurch and Canterbury Tourism, Christchurch International Airport Limited and other district and regional tourism organisations to promote tourism in the Canterbury region.
 - Promoting collaboration and effective working relationships between tourism operators in Ashburton District and regional and national tourism organisations.
 - Working effectively with Ashburton District Council, Grow Mid Canterbury and other local authorities, organisations and individuals in developing and providing technical, financial, marketing and advisory services to promote tourism within Ashburton District.
- (b) To serve as the voice of the district's tourism industry, including but not limited to:
 - Leading development and implementation of a tourism strategy for Ashburton District.

⁵ Page 134: www.ashburtondc.govt.nz/SiteCollectionDocuments/Long%20Term%20Plan/Long%20Term%20Plan%202018-28/LTP%202018-28%20Volume%201.pdf

- Providing advocacy for the local tourism industry, including to local and central government, media and industry relations.
 - Promoting recognition of the economic, social and cultural benefits that tourism brings to the district.
 - Acting as the tourism industry advisor to Ashburton District Council on all aspects of tourism and to cooperate and work with regional tourism agencies to achieve industry objectives.
 - Encouraging the development and improvement of facilities and services for the benefit of visitors.
- (c) To gather, analyse and distribute information relevant to the tourism and wider business interests of Ashburton District.
- (d) To encourage excellence in tourist amenities and standards and general service quality in Ashburton District businesses through promotion of industry training and accreditation standards.
- (e) To work with the Ashburton District Council and any other relevant agencies/providers to encourage the development of quality visitor attractions and experiences within the Ashburton District which complement and enhance the environmental, historical and cultural heritage of the district and add to the enjoyment of both residents and visitors.
- (f) To carry out its business in a manner that meets the requirements of a “Council Controlled Organisation” as that is defined in the Local Government Act 2002 or any subsequent amendment.

4.2.2 LTP service level targets

The prior LTP included service level targets for tourism promotion in relation to annual growth in EMC business membership ($\geq 2\%$ compared to 13% baseline in 2019/20) and an increase in total visitor guest nights ($\geq 2\%$). These are no longer applicable as EMC is wound up.

Current LTP service level targets for the Economic Development activity relate only to commercial property occupancy rates and business sector relationships. There is no direct performance measure for District Promotion.

4.2.3 ChristchurchNZ Ltd 2020-21 contract deliverables

Deliverables listed in the CNZ contract are:

- ChristchurchNZ will employ a “Marketing Manager – Mid Canterbury Tourism” under a fixed term contract until 30th June 2021, to fulfil the duties of the agreement, and manage the day-to-day district tourism duties. The Marketing Manager – Mid Canterbury Tourism will be recruited from within the Experience Mid Canterbury staff made redundant in June 2020.
- The roles and responsibilities are outlined in Schedule 1. A schedule of activity will be developed in conjunction with EMC upon signing of the agreement.
- CNZ will work to achieve an agreed set of KPIs (Schedule 2), which will form part of CNZ’s quarterly reporting to EMC.
- As part of its service delivery, CNZ will develop a set of strategic destination priorities with EMC which will support decision making around activity.

The Draft Budget (Schedule 3) represent the best estimate of the content and costs of anticipated activities from the agreement.

ChristchurchNZ undertook to:

- Keep a record of all expense items that are included in the activity cost and make these records available to MV upon request.
- CNZ will provide to EMC quarterly reporting of actual costs against budget no more than 30 days following the quarter they were incurred.
- Provide the Marketing Manager a vehicle and associated costs (including fuel) for work-related purposes, or un-charge the cost of travel to EMC for the employee's duties (in addition to the budget in Schedule 3).
- Provide quarterly progress reports, including financial reporting, to EMC and make its representatives available in Ashburton for review meetings quarterly.
- Meet EMC on a quarterly basis to review quarterly reports and align for the next quarter.
- Establish a Mid Canterbury Tourism Advisory Group from key tourism stakeholders to provide support to CNZ in delivering the terms of the contract. A separate Terms of Reference will be drafted to oversee the management of this group which will meet quarterly.

Table 5: ChristchurchNZ roles and responsibilities (Contract Schedule 1)

Responsibilities	Roles
ChristchurchNZ – employs one staff member based between Mid Canterbury and the ChristchurchNZ offices to manage specific duties and be the face of tourism locally. The specific term of the role is outlined in the position description.	<p>Role includes the below responsibilities to the level that can be delivered by 1 FTE to meet the KPIs outlined in Schedule 2:</p> <ul style="list-style-type: none"> • Local tourism stakeholder management including establishing and managing the Mid Canterbury Tourism Advisory Group, and quarterly industry newsletters. • Hosting travel trade and media famils. • Trade marketing, engagement and product updates. • Content development – written material to market the district and acquisition of photographic material. • Sales – active participation in NZ and Australian based trade events as appropriate. • Manages the local brand identity and domestic marketing campaigns into Christchurch or other national markets. • Destination management and local advocacy support for Council. • Operator upskill programmes x 2 per annum. • Local industry communications and newsletters. • Day to day contact person for Council on tourism issues.
ChristchurchNZ – Christchurch based team	<p>The delivery of the below services is up to the value of the budget outlined in Schedule 3. CNZ will track value provided to EMC through CNZ's internal project management process.</p> <ul style="list-style-type: none"> • Inclusion in ChristchurchNZ regional trade and consumer marketing of Canterbury.

Responsibilities	Roles
	<ul style="list-style-type: none"> • Digital support and pages in association with ChristchurchNZ sites. • Allows access to ChristchurchNZ channels for local and domestic marketing (subject to content approval). • Coordinate tradeshow exhibition booth under the Christchurch and Canterbury stand at TRENZ and lead on international travel tradeshow attendance as part of the Tourism New Zealand IMA programme. • Centralised Famil coordinator for travel trade, IMP and PR. • Data & Insights – 6-monthly reports from CNZ data ad insights team (2 annual). • Operator training (e.g., becoming wholesale ready) as part of ChristchurchNZ's Business Partner Programme, for industry members. • Regional destination management with the Canterbury Mayoral Forum. • Contract and team management. • Centralised CRM system for the use of the fixed term staff member. • Finance, IT and HR management and support for the fixed term staff member.
Ashburton District Council	<ul style="list-style-type: none"> • Retains own local brand identity. • Retains ownership of own channels and digital assets. • Undertakes Council obligations of destination management (infrastructure, toilets, etc). • Applies for PGF investment into new tourism infrastructure. • Sets annual strategic priorities in conjunction with ChristchurchNZ.

Source: CNZ contract

Table 6: ChristchurchNZ Mid-Canterbury KPIs 2020-21 (Contract Schedule 2)

KPI	Strategic Priority	Activity	Target	Measure	Risk
Appointment of Marketing Manager – Mid Canterbury Tourism	Undertake recruitment process for position that will undertake the destination marketing duties for CNZ	Recruitment	Recruit EMC/ former EMC employee unless no suitable candidate found	Appointment to position within 4 weeks of date of agreement	Unable to find suitable candidate amongst EMC employees/ former employees, requiring marketing of role
Target Domestic Visitors	Destination recovery	Domestic campaigns: 1 x Experience Mid Canterbury 1 x Explore CHC (Canterbury campaign inclusion)	Resident households in Christchurch, Canterbury, Wellington and Auckland with HHI above \$100,000	Reach: Canterbury – 365,000 digital impressions Auckland – 500,000 digital impressions Grow domestic GDP spend – establish baseline	Covid-19 re-emerges and New Zealand re-enters lockdown
Industry Partnerships and Engagement	Destination alignment	Create cohesion within the local tourism industry through regular engagement	Mid Canterbury Tourism Advisory Group meetings x 4 annually	Delivery of planned engagement	Lack of consensus between community groups
District Media Exposure	Domestic & local marketing, media and brand development	Host media famils to showcase Mid Canterbury in target markets	Domestic and Australia International long-haul of Covid-19 restrictions allow	\$4,000,000 EAV in 12 months	Note: EAV in 19/20 was \$11m, however this has been reduced due to the closure of international borders
District Trade Exposure: Domestic & International	Converting campaigns into visitation to Ashburton District	IBO Trade Famils Australian wholesale training Domestic packaging to generate sales	2 x inbound tour operator famils 1 x Australian travel wholesaler famil 2 x domestic package inclusions (House of Travel and Flight Centre)	Establish baseline Generate revenue through packages Grow domestic GDP spend establish baseline	Recovery of tourism is hindered due to Covid-19

Source: CNZ contract

Table 7: ChristchurchNZ Draft Budget 2020-21 (Contract Schedule 3)

Draft District Tourism Budget	Amount (excl. GST)
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Centralised Manager CNZ (allocated to .5 FTE)	\$10,000
Overheads (Memberships, Desk, General Travel, etc)	\$10,000
District employee (“Marketing Manager – Mid Canterbury Tourism”)	\$75,000
Domestic and Trans-Tasman Marketing	\$25,000
Data & Insights	\$2,000
Christchurch local marketing for Mid Canterbury (utilising CNZ channels and media buy)	\$25,000
TRENT attendance	\$13,000
Trade engagement (ITOs, Australia)	\$15,000
Famils (hosting)	\$10,000
CNZ Management fee	\$10,000
Total annual budget year 1 – 2020-21 FY	\$195,000

Source: CNZ contract

4.3 Summary of evidence

The review process involved compilation and analysis of information and evidence as shown below, along with responses to key questions from informants.

Table 8: Performance information and evidence (2020-21 to date)

Performance indicators	Information and evidence
1. Employment of Marketing Manager – Mid Canterbury Tourism, with vehicle	<ul style="list-style-type: none"> • Done.
2. Quarterly progress and financial reporting to EMC	<ul style="list-style-type: none"> • Same as EMC reporting to Council.
3. Domestic visitor campaigns	<ul style="list-style-type: none"> • 1 x Experience Mid Canterbury campaign – Actively engaging with the wider South Island, Auckland and Wellington via social media to drive summer visitation. • 1 x Explore CHC (Canterbury campaign inclusion).
4. Industry partnership and engagements	<ul style="list-style-type: none"> • Mid Canterbury Tourism Advisory Group – second meeting held 24 Nov 2020 (target of 4 annually). • 11 tourism operators engaged in the NZTE Regional Business Partnership scheme. • Additional funding secured to create a series of capability training and support events for business partners, commencing February 2021.
5. District media exposure	<ul style="list-style-type: none"> • Planning a series of welcome videos from operators, to be promoted via YouTube to New Zealand and international markets.

Performance indicators	Information and evidence
6. District Trade Exposure: Domestic & International	<ul style="list-style-type: none"> Engaging with key Australian wholesalers over the lockdown period (challenging).

Source: APR analysis of available information

4.3.1 EMC Quarterly Review Report February 2020

EMC's February 2020 report noted the 'Coronavirus outbreak' was expected to reduce spending from the Chinese and Rest of Asia markets, but at the time there was hope the outbreak would be isolated and its impacts short-lived:⁶

"There have been many media stories in recent weeks of other districts across New Zealand who are suffering from significant downturn from the virus, in many ways, this is due to their extensive focus on the Chinese market. Over recent years EMC has used its learning from the SAR's and Christchurch Earthquake situations to ensure we diversify our markets. So, while the Coronavirus will have some impact on our overall visitor spend, we hope that the work we are doing in the Australian market will help to recover any loss."

Highlights of the February 2020 EMC Quarterly Report included:

- In October 2019, EMC travelled to Brisbane to promote Mid Canterbury at the Flight Centre World Expo courtesy of Christchurch Airport.
- In November 2019, trained 100 Australia Travel Agents at the Tourism New Zealand 100% Aussie Specialist training famil in Christchurch.
- New social media campaign targeting residents from the North of the South Island travelling South for their Christmas Holidays to stop, eat and stay in Ashburton and not get caught up in the traffic delays.
- MBIE Visitor Spend data to the end of November 2019 confirmed spending was on track to achieve EMC's visitor spend objective in the Statement of Intent 2019 – 2020. "Pending the impacts of the Coronavirus outbreak, we should meet the \$193m target."
- "Methven i-Site Visitor Information Centre has had the most challenging summer on record. While this is consistent across all i-Site's nationwide, it's made it very difficult for the Methven i-Site team to create a profitable return. Retail sales have been significantly decreased due to the lack of foot traffic into the i-Site. EMC advanced funds in November and December to ensure the I-Site wasn't carrying debt. We are hoping for a stronger revenue outcome as we move into the winter months."

At a meeting on 31 October 2019, Mayor Neil Brown had requested that EMC board members and management review their 2019-20 budget and provide a full review of further funding required to support tourism growth in the Ashburton District. The February 2020 Quarterly Review Report subsequently included a funding proposal requesting an increase in annual funding of \$90,000 + GST, plus additional funding for audit and governance fees. This would have increased annual funding from \$374,988 to \$501,829. Key areas identified for additional funding included:

- Growing the domestic tourist portfolio by engaging in consumer marketing content (e.g., billboards and cinema activities in major cities).

⁶ The first case of the disease in New Zealand was not reported until 28 February 2020.

- Growing the US tourism market including through social media content and trade events.
- Growing the 'Rest of Asia' tourist market (e.g., Singapore, Malaysia, Indonesia, Philippines, India) via travel agents, wholesales and corporate travel facilitators.

4.3.2 EMC Quarterly Review Report December 2020

By December 2020, District tourism promotion was being contracted by EMC to CNZ. Report highlights included:

- Estimated annual tourism spend to October 2020 showed a deep decline in overall spend. MBIE was forecasting general visitor spend for the Ashburton District in 2020 at \$152m compared to \$165m previously forecasted in July 2020. This decline was an overall trend across Canterbury and was expected in the shoulder session of the visitor calendar.
- Feedback from EMC's business partners was positive for the summer period December 2020 to March 2021, with many reporting good forward bookings that should see a solid increase in domestic visitor spend over this period.
- EMC had been actively engaging with the wider South Island, Auckland and Wellington via social media to drive summer visitation.
- "As a direct consequence of EMC's agreement with ChristchurchNZ, we have been able to secure additional funding to create a series of capability training and support events for our business partners. We will commence these events in February 2021. The events will be held over 4 months and will focus on amplifying their brand, marketing content, storytelling, packaging of product, tourism distribution channels, e-commerce, and social media. In April we will hold a one-day mega-meet with tourism operators in Mid Canterbury and Selwyn providing an opportunity for more collaborative partnerships."
- "We are working on a concept to promote the districts visitor assets through the eyes of our business partners. We will shoot a series of welcome videos from our operators and will promote the campaign via YouTube to New Zealand and international markets. We will start the shoot at the end of January."
- "We are preparing ahead for when the borders open. We have been engaging with many of our key Australian wholesalers over the lockdown period. This has been challenging as many of our preferred product managers and skills agents have been made redundant from the industry. As a result, we are formalising a process to re-train new and existing product managers. We will commence this program in January using Zoom and key Mid Canterbury assets."
- "We have been running a social media campaign leading up to the summer period called "Forget the Bach! Come play & stay in our backyard this summer". We have been focusing on themes – food, gardens, adventure and walking. We will continue the daily posts over the summer period to drive website visitors and physical visits."
- The Mid Canterbury Tourism Community Advisory Group (MCTAG) met for the second time on 24 November 2020 in Methven and discussed the event funding strategy and how to support ADC with the funding; Economic Recovery Strategy – Common themes were more signage, more events and collaborative packaging from business partners; and marketing plans for domestic and international markets pending border openings.

EMC has aligned its marketing strategy to the COVID-19 alert levels as follows:

- Alert Level 4 (full country lockdown) – No visitor promotional activity, EMC focus on supporting local industry, operator training and advocacy.
- Alert Level 3 (retail and hospitality possibly still closed) – EMC promote and encourage local online shopping, some social media of inspirational imagery to the local market only (e.g., Selwyn, Timaru District).
- Alert Level 2 (heavy border restrictions, retail and hospitality allowed) – EMC restart promotions with local and South Island campaigns only. Collaborative campaign “Explore CHC” is designed to get people to travel to Christchurch & Canterbury to explore our backyards. Maintain South Island visitors, plan for the next level for domestic visitors and possibly a Trans-Tasman bubble. EMC will also be engaging at this point with Tourism New Zealand launching a national campaign to drive domestic travel.
- Alert Level 1 (heavy border restrictions, retail and hospitality allowed) – EMC focus on domestic, VFR (Visiting friends and relatives) and maybe trans-Tasman. If public health policy allows, EMC will reinstate the Events Calendar to increase community well-being and drive domestic visitation. Continued content creation and digital engagement with offshore travel trade partners and NZ based Inbound tour operators. Continue campaigns with the Canterbury Collaborative which will sit under the national Tourism New Zealand campaign. At Alert level 1 – Air New Zealand will be able to start domestic operations, but the process will be slow. (2-3 Months).
- Alert Level 0 – There are two scenarios at Alert Level 0 (12 – 15 months away):
 - a) Limited International markets and economies still at risk – EMC to focus still on domestic and trans-Tasman and buoyant economies, such as China and US.
 - b) International markets stable and travelling (effective vaccine in place) – probable shift in what key visitor markets look like, possible reduced flights and cruise connectivity – Industry rebounds. Timing, type and level of activity may vary by sector and market. Diversification of markets critical for long-term success.

4.3.3 CNZ Quarterly Report to EMC

The CNZ contract includes undertakings to provide quarterly progress reports to EMC, including financial reporting, and to make its representatives available in Ashburton for review meetings quarterly.

- CNZ will work to achieve an agreed set of KPIs (Schedule 2), which will form part of CNZ’s quarterly reporting to EMC.
- CNZ will provide to EMC quarterly reporting of actual costs against budget no more than 30 days following the quarter they were incurred.

On 24 February 2021 as part of this review and assessment, Council on behalf of APR requested EMC to provide a copy of the CNZ quarterly reporting to EMC. In response, the Chair provided a copy of the December 2020 EMC Quarterly Review Report to Council. The table below compares the content of this report to undertakings above. The December 2020 report also included information about completion of EMC’s annual audit for 2019-20 but did not include information on actual costs against budget for 2020-21.

Table 9: EMC December 2020 Review Report vs KPIs in Contract Schedule 2

KPI	Reported activities
Appointment of Marketing Manager – Mid Canterbury Tourism	Manager appointed within agreed period.
Target Domestic Visitors	Domestic campaigns: 1 x Explore CHC (Canterbury campaign inclusion). 1 x Experience Mid Canterbury. Actively engaging with the wider South Island, Auckland and Wellington via social media to drive summer visitation – Media campaign “Forget the Bach! Come play & stay in our backyard this summer”.
Industry Partnerships and Engagement	Mid Canterbury Tourism Advisory Group – second meeting held 24 Nov 2020 (target of 4 annually). Discussion included event funding strategy, economic recovery strategy, and marketing plans for domestic and international markets pending border openings. 11 tourism operators engaged in the NZTE Regional Business Partnership scheme Additional funding secured to create a series of capability training and support events for business partners, commencing February 2021.
District Media Exposure	Planning a series of welcome videos from operators, to be promoted via YouTube to New Zealand and international markets.
District Trade Exposure: Domestic & International	Engaging with key Australian wholesalers over the lockdown period (challenging).

Source: APR analysis of EMC Quarterly Review Report December 2020 vs CNZ contract schedule 2 KPIs

5.0 STAKEHOLDER SURVEY

5.1 Introduction

An email survey of key informants was undertaken to supplement the review of evidence of activities against KPIs.

Information and opinions were sought from key Council staff, ChristchurchNZ Ltd staff and local tourism operators (refer Appendix 2).

Following an introductory email from Council, APR invited stakeholders to participate in this study. A total of ten shareholders replied to the email and provided input into these results.

Key results are summarised as follows, with a full set of verbatim comments in Appendix 3.

5.2 Survey results

5.2.1 Preferred option

Stakeholders were informed of four options to consider regarding tourism promotion for Ashburton:

- Not fund tourism promotion;

- Continue contracting District tourism promotion to ChristchurchNZ;
- Bring tourism promotion back in-house and employ staff to do the role; or
- Continue with a CCO to undertake tourism promotion.

Of the 12 stakeholders who provided their opinions, the highest frequency identified was to continue contracting district tourism promotion to ChristchurchNZ. This was identified by 83.3% of stakeholders. The second highest option was to continue with a CCO undertaking tourism promotion (16.7%). A further stakeholder (8.3%) identified bring tourism promotion back in-house and employ staff to do the role (although their comments were more to do with having a staff member working with ChristchurchNZ and attending meetings etc) and 16.7% identified other options for promotion.

Table 10: Stakeholder feedback on Council's options

Option	Number	Percent
2. Continue contracting District Tourism promotion to ChristchurchNZ	10	83.3%
4. Continue with a CCO to undertake tourism promotion.	2	16.7%
3. Bring Tourism promotion back in-house and employ staff to do the role	1	8.3%
1. Not fund tourism promotion	0	0.0%
Other	2	16.7%
Sample	12	100.0%

Note: Not additive as respondents comments could apply to multiple categories

A sample of comments includes:

- *A CCO is the best option, but it needs adequate funding....*
- *... Cannot bring tourism in house. Economic Development did not work with a Council employee doing it.... Do not provide enough funding for a CCO.*
- *The current model of contracting to ChristchurchNZ has merits in that it offers synergy and essentially allows for one big zone with a regional perspective.*
- *A CCO is the best option, but it needs adequate funding. If more funding is not available, then contracting to ChristchurchNZ is the best option....*
- *CCO preferred option if adequately funded.*
- *By taking a wider approach and collaborating with partners such as ChristchurchNZ, Ashburton District Council can better direct their funding towards meaningful impact such as that undertaken in the last year while CNZ has been managing the contract...*
- *I believe it would be detrimental to the wider Ashburton district not to continue funding tourism post the Covid-19 pandemic. The visitor sector offers significant benefits to the district....*
- *...A district focused staff member, in an advisory role rather than a management role, should be employed, with a 50/50 time split between ADC and Christchurch NZ offices....*

5.2.2 What works well now and why?

When asked what works well and why, the most frequently mentioned theme was promotion through Christchurch NZ (identified by 72.7% of stakeholders). This was followed by the formation of an advisory board (18.2%) and the draw of the region (18.2%).

Table 11: Stakeholder feedback on what works well

	Number	Percent
Promotion through Christchurch NZ	8	72.7%
Formation of advisory board	2	18.2%
The draw of the region	2	18.2%
Collaboration/consolidated approach to marketing	1	9.1%
Draw of key attractions	1	9.1%
Promotion through Christchurch NZ but improvements suggested	1	9.1%
Other	1	9.1%
Sample	11	100.0%

Note: Not additive as respondents comments could apply to multiple categories

A sample of comments includes:

- *CNZ has worked well. Must be controlled in Canterbury. Needs to know what is going on. CNZ works closely with the Airport. They know who is coming in. Hub works well together. Can get data quickly. Businesses get the backend support and knowledge. Get marketing and finance teams that one man could not do alone. We know them (CNZ).*
- *Prior to the change from a CCO, tourism promotion was unable to attain the same reach that it has been able to achieve since working in with Christchurch NZ. For what it has lost in autonomy, it has gain in advertising buying power, skilled resources and access to industry insights and data. To return to a CCO, Ashburton District Council would require significant investment for resources and budget for marketing. In this current climate it would not seem viable to do that as well as competing in the same space as Christchurch NZ for the same clients....*
- *When appropriately funded, the CCO model is clearly superior to the inhouse model of visitor promotion employed by some other councils. Failing that being an option, partnering with an adjacent regional tourism promoter (such as ChristchurchNZ) can work well too.*
- *Working well with ChristchurchNZ. Have the staff and back-office people. Don't need to supply accounts department etc....*
- *... The Advisory Tourism Board is a great start. We haven't actioned much yet! The reach is going to be bigger if we stay with CHC otherwise we are starting from scratch. The relationships are already there. We have to communicate and work together....*
- *Promotion of our region as opposed to a single destination has worked well. Kiwis are more likely to explore the whole region and offerings not just the highlight destinations....*
- *For both domestic and International tourism, the initial draw is the region and key attractions and everything else gets discovered by association. I think continuing to contract though CCT is the best way forward.*
- *When appropriately funded, the CCO model is clearly superior to the inhouse model of visitor promotion employed by some other councils. Failing that being an option, partnering with an adjacent regional tourism promoter (such as ChristchurchNZ) can work well too.*
- *...The recommendation to the Experience Mid Canterbury Board and the Canterbury Mayoral Forum for a consolidated approach to destination marketing. In the last year as Covid-19 has ravaged the tourism industry, the RTOs and DTOs of Canterbury have recognised the need for greater collaboration, which has been further supported by Central Government who directed both Strategic Tourism Assets Protection Programme and Regional Events Funding to ChristchurchNZ to distribute amongst the districts of Christchurch.*
- *Mid Canterbury is getting some domestic coverage by being included in the nationwide promotional campaigns.*

5.2.3 What things don't work so well and why? What could be improved?

When asked what things didn't work so well and why and what could be improved, the highest grouping was better connection with Christchurch NZ/promotion agencies (62.5%), funding for tourism promotion too low (50.0%), increased promotion of region on Christchurch NZ website (37.5%), relationships between Council and Experience Mid Canterbury (37.5%), support for tourism from Ashburton District Council (37.5%) and things to do in Ashburton (25.0%).

Table 12: Stakeholder feedback on what doesn't work well

	Number	Percent
Better connection with Christchurch NZ/promotion agencies	5	62.5%
Funding for tourism promotion too low	4	50.0%
Increased promotion of region on Christchurch NZ website	3	37.5%
Relationships between Council and Experience Mid Canterbury	3	37.5%
Support for tourism from Council	3	37.5%
Things to do in Ashburton	2	25.0%
Increased promotion of region on NZ Tourism website	1	12.5%
Time to connect with promotions	1	12.5%
Other	2	25.0%
Sample	8	100.0%

Note: Not additive as respondents comments could apply to multiple categories

A sample of comments includes:

- *Is it working? I don't think it is at the moment. I'm a bit frustrated with it all. I hope this process will help give more direction as to what we want to see. We need to find someone who is a local, who is passionate about our district and make Christchurch NZ accountable and share our stories and vision. What is our story and vision? The Advisory Tourism Board is a great start....*
- *Funds have been reducing. With Council funding depleting, have to look for alternative funds. Funding for CNZ is too low....*
- *... the decision to wind up EMC had nothing to do with the CCO model not being the preferred model, indeed, it is absolutely the best model for tourism promotion, if given the appropriate level of funding to operate. After the cost of compliance, governance and wages, the net cash available for tourism promotion was rather limited. In more recent years, the Board I understand have been unfortunately inwardly focused, given concerns over dwindling reserves and weak balance sheet....*
- *... We have to give them a reason to come. Sell our story....*
- *Things are a lot better now than they were as a CCO. Because they have the funding now to do it... CNZ – good job at promoting the area....*
- *.... A better connection with ChristchurchNZ and direct contact with various departments could be useful depending on activities planned and support needed. More lead in time to connect with planned campaigns with ChristchurchNZ in order to communicate district attractions....*
- *... We have to give them a reason to come. Sell our story....*
- *What hasn't worked so well is the focus on the bigger picture and diversity of the region and what it has to offer. Instead, CHCNZ is focused on the iconic attractions of the region providing less of a focus on developing tourism in the mid canterbury region. The region has great potential to grow as a tourism destination and mark its unique stamp on things.*

- ... A better connection with ChristchurchNZ and direct contact with various departments could be useful depending on activities planned and support needed. More lead in time to connect with planned campaigns with ChristchurchNZ in order to communicate district attractions....
- ... The trouble is Mid Canterbury is a big area, they will have to be very careful how they spread the marketing budget out, so each district gets their share. Nothing is driving people to Ashburton. There is no evidence and so we need that VOICE....
- Funds have been reducing. With Council funding depleting, have to look for alternative funds. Funding for CNZ is too low. The budget for some companies is greater than what they have to promote the entire region. Council is supporting in words, but then pull out that support when money is mentioned. Need to look at operating costs and fund appropriately.
- ... Lack of advertising and marketing for the area. I feel a lack of inclusion under CHCH NZ at the moment. You have to show people what is here, not just tell them but also, we need more things to do to drive people here. We had a session provided by TNZ, Experience Mid Canterbury and CHCH NZ last week. It would have been good if someone from the Council was there as support for the district business who are all having a tough time right now. Just wondering if anybody got invited from the Council?
- Mid Canterbury is not fully represented within the domestic market. Only Methven and Mt Hutt are being promoted...
- The risk is with having no communication or a good working relationship and the provider...

5.2.4 Any thoughts around current and potential markets?

When asked about thoughts around current and potential markets, the highest grouping was understanding current visitor flows to Ashburton (66.7%), the development of key attractions/events (55.6%), followed by focus on domestic market (55.6%), strategies to get drivers to stop in the district (55.6%) and strategies to get visitors to stay overnight (44.4%).

Table 13: Stakeholder feedback on current and potential markets

	Number	Percent
Understanding current visitor flows to Ashburton	6	66.7%
Development of key attractions/events	5	55.6%
Focus on domestic market	5	55.6%
Strategies to get drivers to stop in the district	5	55.6%
Strategies to get visitors to stay overnight	4	44.4%
Having the right people running the districts promotion	2	22.2%
Overseas promotion	1	11.1%
Other	1	11.1%
Sample	9	100.0%

Note: Not additive as respondents comments could apply to multiple categories

A sample of comments includes:

- Domestic market is the biggest. Has dropped approximately 15% over the past year...
- Good way to measure activity is to look at linen hire. Activity down about 25% due to Covid....
- The Methven bike park is rapidly becoming one of the best in NZ and further development of this will make it a significant drawcard to the region.

- *To grow tourism in Mid Canterbury there needs to be more attractions and events occurring all year round that drive visitation...*
- *Clearly domestic is where it's at. Wellington market has always been seen as an opportunity not yet fully tapped into....*
- *I think the more important thing here is having the right people leading and managing the district's visitor strategy....*
- *To grow tourism in Mid Canterbury there needs to be more attractions and events occurring all year round that drive visitation....*
- *As a District, Ashburton has several challenges which require a strategic approach to supporting the development of a cohesive visitor strategy.*
- *The districts strongest market is the corporate traveller and those visiting friends and family.*
- *Exploring potential. Strong movement around developing provenance and fruit story.*

5.2.5 Further ideas that might enhance tourism in the district?

When asked for further ideas that might enhance tourism in the district, the highest grouping was Council showing that tourism is important to them (60.0% of stakeholders). This was followed by needing a better presence of Ashburton and individual townships in marketing (50.0%), the natural advantages of the region (40.0%) and needing to increase Council funding of tourism (40.0%). These were followed by promoting domestically (20.0%).

Table 14: Stakeholder ideas to enhance tourism in the district

	Number	Percent
Council to show that tourism is important to them	6	60.0%
Better presence of Ashburton and individual townships in marketing	5	50.0%
Natural advantages of region	4	40.0%
Need increased Council funding	4	40.0%
Promote domestically	2	20.0%
Ashburton District Council attendance at agency meetings	1	10.0%
Central location	1	10.0%
Encourage collaboration	1	10.0%
Promote internationally	1	10.0%
Other	1	10.0%
Sample	10	100.0%

Note: Not additive as respondents comments could apply to multiple categories

A sample of comments includes:

- *A far better online presence for the district. Spilt into towns instead of all mixed up together presenting a confusing message for potential visitors....*
- *... I believe Methven needs to be the hub to the region as it sits between the high-country lakes and mountains the Rakaia and Ashburton....*
- *Council funding. Council needs to be in or out. Seem keen until it is time for money to be allocated....*
- *Council must fund tourism. Improvements needed in Ashburton....*
- *Councillor's need to be up front and honest with rate payers - do they support visitor promotion and the contribution of tourism (both domestic and international) to the local economy, or not....*
- *Have a council with a wider understanding and scope for tourism. Every year our regional council pulls /reduces spend on the tourism sectors.*
- *.... We have to give them a reason to come. Sell our story...*
- *Ashburton can benefit from growth into Christchurch International Airport once borders reopen but should not forget the clear opportunity the domestic market could deliver for the District...*
- *There are endless opportunities to improve the current arrangement...establish quarterly meet ups...encourage collaboration with other operators.....*
- *Main focus if the ski field. Need to be able to leverage of that.*

6.0 OPTIONS ANALYSIS

This section further explores the following Council options:

1. Stop funding tourism promotion;
2. Wind down CCO and contract directly to ChristchurchNZ;
3. Bring tourism promotion back in-house and employ staff to do the role; or
4. Continue with a CCO to undertake tourism promotion.

6.1 Stop funding tourism promotion

If tourism promotion were unfunded then Council could free up operating revenue for an alternative use.

However, the reason that Council invests in tourism promotion and other economic development activities is that they are public goods deemed to have community value and which would not otherwise be provided by free markets.

While an exit from tourism promotion funding is an option for Council, this would reduce the stated aim of boosting the revenue streams of tourism operators who benefit directly from the service, along with downstream economic benefits to the broader economy and rating base.

The limited amount of stakeholder consultation undertaken for this review identified a desire for Council to demonstrate greater commitment to funding district tourism promotion. Additional views would have been expressed through Long Term Plan consultation and other community feedback.

6.2 Wind down CCO and contract directly to ChristchurchNZ

Stakeholder feedback identified a preference to continue contracting district tourism promotion to ChristchurchNZ. Positive comments included:

- *... If more funding is not available, then contracting to ChristchurchNZ is the best option....*
- *Continue contracting district tourism promotion to ChristchurchNZ.*
- *I believe that the best option forward for the Mid Canterbury region is to remain with ChristchurchNZ.*
- *... Think moving forward Council should continue with ChristchurchNZ. Other two options are no good....*
- *Strongly recommend continuing to work with ChristchurchNZ.*
- *The current model of contracting to ChristchurchNZ has merits in that it offers synergy and essentially allows for one big zone with a regional perspective.*
- *CNZ has worked well. Must be controlled in Canterbury. Needs to know what is going on. CNZ works closely with the Airport. They know who is coming in. Hub works well together. Can get data quickly. Businesses get the back-end support and knowledge. Get marketing and finance teams that one man could not do alone. We know them (CNZ).*
- *Prior to the change from a CCO, tourism promotion was unable to attain the same reach that it has been able to achieve since working in with Christchurch NZ. For what it has lost in autonomy, it has gain in advertising buying power, skilled resources and access to industry insights and data.... In summary, Ashburton District Council will find it difficult to replace the value they have gained by working in with ChristchurchNZ.*
- *Working well with ChristchurchNZ. Have the staff and back-office people. Don't need to supply accounts department etc. Currently Bruce Moffit is brilliant. Responsible for bringing Virgin to NZ and then sold it. Works well with Christchurch Tourism. Good having Mandarin speaking staff. Could never do that as a district tourism CCO. Have put in good networking things – Canterbury wide operators. CNZ fifth biggest RTO in NZ. Do a fantastic job. CNZ – good job at promoting the area...*
- *... Have someone from Council liaison with CHCH so we know what is going on and who is doing what.*
- *... I think the Council need to get more involved with Christchurch NZ and Experience Mid Canterbury....*
- *...By taking a wider approach and collaborating with partners such as ChristchurchNZ, Ashburton District Council can better direct their funding towards meaningful impact such as that undertaken in the last year while CNZ has been managing the contract...*
- *In my opinion, the contract with ChristchurchNZ should have taken place 2-3 years ago, as in doing so would have saved costs and driven more visitors to the district than Experience Mid Canterbury could have on its own...*
- *A mixture of option 2 and option 3 would be the most ideal outcome for the district...*
- *Current status quo. Need specialist people who are linked into the wider network of tourism.*

There could be some advantage in retaining a CCO to provide adequate local governance, seek alternative funding sources, and leverage off the promotional marketing budget through additional activities.

Alternatively, a streamlined approach in terms of administration and accountabilities would be for Council to contract directly to ChristchurchNZ, while ensuring there is a local presence in the form of a Mid Canterbury Manager. This approach could potentially make use of the Mid Canterbury Tourism Advisory Group to support strategic decision-making.

6.3 Bring tourism promotion in-house

Bringing the tourism promotion activity in-house would involve directly employing additional staff.

Advantages of bringing the tourism promotion activity in-house include:

- Direct accountability to the community.
- Ability to directly manage service delivery risks.

Disadvantages include:

- Less streamlined decision-making – reliant on Council processes and timelines to make strategic decisions, along with underpinning politics influences.
- Tourism promotion is not traditionally a core activity of Council – in-house staff engaged in this activity would be managed by staff with a broader Council focus rather than a commercial focus.
- As a Council activity there would be a higher expectation of reliance on ratepayer funding, with little incentive or ability to seek funds from other sources such as donations.
- Potentially decreased administrative efficiency.

Stakeholder feedback was negative to the idea of bringing tourism promotion in-house:

- *... Cannot bring tourism in house. Economic Development did not work with a Council employee doing it. Absolute joke....*
- *... Council has not done a good job. Leave it as it is. Don't put in house.*
- *... re bring tourism promotion back in-house as a CCO to undertake tourism promotion, I think we have been here before with Grow Mid Canterbury. I think the Council need to get more involved with Christchurch NZ and Experience Mid Canterbury....*
- *One of those industries that Council doesn't have a strong track record on or experience in it.*

6.4 Continue with a CCO

Most local authorities use subsidiary companies or other entities such as CCOs to conduct commercial and non-commercial activities on their behalf.

Advantages of CCOs for tourism promotion include:

- Independence – separation from political direction.
- Less bureaucratic than Council, enabling nimbleness and agility – CCOs have less 'process' to follow in making decisions.
- Commercially focused – operating a company with a professional board of directors with the objective of achieving outcomes as efficiently as possible.
- Ability to raise funds from other sources such as donations and contributions for significant community projects.
- Tax-effectiveness – local authorities can derive tax credits from commercial subsidiaries that pay dividends.

Disadvantages include:

- Lack of direct accountability to the community for the services the CCO delivers.

- Administrative costs incurred by the local authority in monitoring the performance of the CCO, and the CCO's own costs, can increase overall service delivery costs.
- Reduced ability for Council to manage risk – arm's-length delivery can make managing reputation risks to the Council more difficult.

Stakeholder feedback suggested limited appetite to continue with a CCO and only if it was adequately funded:

- *A CCO is the best option, but it needs adequate funding. If more funding is not available, then contracting to ChristchurchNZ is the best option.*
- *... [Council] Do not provide enough funding for a CCO.*
- *CCO preferred option if adequately funded.*
- *... To return to a CCO, Ashburton District Council would require significant investment for resources and budget for marketing. In this current climate it would not seem viable to do that as well as competing in the same space as Christchurch NZ for the same clients. In summary, Ashburton District Council will find it difficult to replace the value they have gained by working in with ChristchurchNZ.*
- *When appropriately funded, the CCO model is clearly superior to the inhouse model of visitor promotion employed by some other councils. Failing that being an option, partnering with an adjacent regional tourism promoter (such as ChristchurchNZ) can work well too.*
- *A district focused staff member, in an advisory role rather than a management role, should be employed, with a 50/50 time split between ADC and Christchurch NZ offices...*

6.5 Summary matrix (pros and cons)

Table 15: Summary matrix (pros and cons)

Options	Advantages	Disadvantages
1. Stop funding tourism promotion	Free up operating revenue for an alternative use.	Lack of tourism promotion may slow District economic growth. Community expectation that Council will support tourism promotion in some manner. Loss of tourism connections, capability and capacity.
2. Wind down CCO and contract directly to ChristchurchNZ	Stakeholder feedback identified a preference to continue contracting district tourism promotion to ChristchurchNZ. Contracting to ChristchurchNZ offers synergies within an integrated regional approach, offering greater reach and leverage of ratepayer funds. Ability for Council to take a relatively flexible approach to annual budgeting for tourism promotion (scale up or down). Local Marketing Manager providing a presence and point of contact. Opportunity for Council to potentially make use of the Mid Canterbury Tourism Advisory Group to support strategic decision-making.	Less local coordination of tourism promotion than under a CCO. Potentially less ability to access additional revenue streams than under a CCO. Contract oversight by Council staff who have limited relevant tourism promotion experience.

Options	Advantages	Disadvantages
	Contract administration costs brought in-house for potentially tighter management by Council.	
3. Bring tourism promotion back in-house and employ staff to do the role	Directly accountability to the community. Directly able to manage delivery risks.	Subject to Council bureaucracy, timelines and politics. Not traditionally a core activity of Council (lack of focus). Limited ability to leverage additional funds or resources from non-ratepayer sources. Negative stakeholder feedback to this option. Potentially less efficient due to higher relative administration costs.
4. Continue with a CCO to undertake tourism promotion	Independent. Streamlined decision-making. Commercially focused. Ability to raise funds from other sources and leverage off local activities.	Not directly accountability to the community. Administrative costs of oversight and performance reporting. Reduced ability for Council to directly manage risk. Less easily able to scale up or down than an external contract approach.

7.0 PREFERRED DELIVERY STRUCTURE

7.1 Selection criteria

To transparently assess the options, selection criteria were identified as follows, with each to be scored on a 1(low) to 5 (high) scale:

- A. Value for money – Perceived ability to maximise tourism promotion outcomes per dollar of Council funding.
- B. Council Budget flexibility – Ability to scale up or down Council funding in response to changing circumstances.
- C. Local governance – Making use of local tourism industry knowledge and skills to maximise outcomes.

7.2 Rankings (multi-criterion analysis)

APR's subjective analysis below shows that winding down the CCO and contract directly to ChristchurchNZ is the recommended approach. Key aspects were:

- Increased overall value for money compared to CCO.
- Greater level of Council budget flexibility to scale up or down each year.
- Ability to provide clear and focussed outcomes through annual contracts and reporting processes.

- Balanced against this, a lower level of skilled local tourism governance, although this may be mitigated through use of the Mid Canterbury Tourism Advisory Group to support industry connectivity and strategic decision-making.

Table 16: Multi-criterion analysis

Options	A. Value for money	B. Council Budget flexibility	C. Local governance	Total score (max 15)
1. Stop funding tourism promotion	1	4	1	6
2. Wind down CCO and contract directly to ChristchurchNZ	5	5	3	13
3. Bring tourism promotion back in-house and employ staff to do the role	2	3	4	9
4. Continue with a CCO to undertake tourism promotion	3	4	4	11

Source: APR analysis of evidence and stakeholder views

APPENDIX 1: INFORMATION SOURCES

The following secondary information sources were reviewed (in no particular order):

- Experience Mid Canterbury (EMC) Trust Deed 2013
- EMC Quarterly Review Report February 2020
- ChristchurchNZ Ltd contract 2020-21
- EMC Quarterly Review Report December 2020
- CNZ Quarterly Report to EMC
- Long Term Plan 2018-28
- LTP service targets (latest)
- Tourism Data from Infometrics (17 Feb 2021)